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December 12, 2000

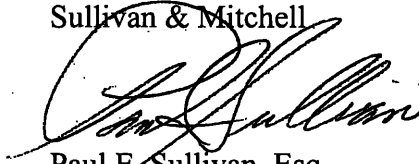
Alva E. Smith, Esq.
Federal Election Commission
Office of the General Counsel
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 5142
Forbes Response to Complaint

Dear Ms. Smith:

Please find enclosed the response in the above captioned matter on behalf of Forbes.

Very truly yours,
Sullivan & Mitchell



Paul E. Sullivan, Esq.
Counsel for Forbes, Inc.

cc: Terrence O'Connor, Esq.
Vice President and General Counsel
Forbes, Inc.

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2000 DEC 12 P 3:50

RECEIVED
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COUNSEL
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BEFORE THE FEDERAL ELECTION COMMISSION

In RE: Forbes, Inc.)
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_____)

MUR 5142
Response to Complaint

In accordance with 2 USC §437g(a)(1), this response is filed on behalf of Forbes, Inc. ("Respondent" or "Forbes"), in answer to a complaint filed with the Commission dated October 12, 2000 and signed by one Ms. Tery Spatero ("Complaint").

Introduction

The Complaint includes two solicitation documents related to Respondent. In addition, the Complaint includes numerous attachments of solicitation materials of other organizations and individuals named in the Complaint. However, this response is filed solely and exclusively on behalf of Forbes, Inc. For that reason, the comments and arguments pertain solely and exclusively to the two attached publications relating to Forbes. The first of those attachments is a Forbes magazine subscription solicitation ("Forbes Solicitation")(See Exhibit A). The second is the "Gilder Technology Report" ("Gilder Report") (See Exhibit B).

The Complaint appears to be alleging that Tery Spatero's name, which appeared on the 1999 Second Quarter Report for the Elizabeth Dole for President Exploratory Committee, Inc. was obtained from the public records of the Federal Election Commission, ("FEC" or "Commission") and used by Respondent for commercial purposes in violation of §2 USC §438(a)(4). For the reasons stated below, the Commission should make a finding of no reason to believe and close the file.

Factual Summary

Forbes magazine has a reported paid circulation of over 850,00. Mr. Lawrence B. Summers is Vice-President of Circulation for Forbes and has the responsibility for all matters related to circulation and new subscription programs for Forbes. (See affidavit of Lawrence Freeman, at Exhibit C, and hereinafter "Freeman Aff") Forbes maintains an on-going subscription solicitation program and for that reason, it maintains a regular relationship with companies which provide prospecting lists to Forbes. The purpose of retaining such names is to solicit subscriptions to Forbes magazine from potential subscribers. For both the Forbes Subscription and the Gilder Report, Forbes entered into an agreement with Paradyz Matera ("Matera") located in New York City, New York. (Freeman Aff ¶4, ¶5)

The Forbes Subscription magalog at issue was mailed on October 17, 2000 to approximately 950,000 addressees. (Freeman Aff. ¶3) An internally generated code number appears on the Forbes Subscription materials and was used to identify a variety of tracking information including the identity of the list source used. In the case of the Forbes Subscription that code was DJTC999 and constitutes evidence that it was a program mailed to a prospecting list obtained through Matera. (Freeman Aff ¶5)

The Gilder Technology magalog was mailed on September 29, 2000 to 1,416,241 names. (Freeman Aff ¶4) The Forbes list code on this mailing appearing on the envelope was DGJEB999 and again indicates that the source of the names used for this mailing were obtained through Matera. (Freeman Aff ¶5)

Forbes paid a standard fair market value to Matera for the rental of the names used for the Forbes Subscription and the Gilder Technology mailings. (Freeman Aff ¶3, ¶4)

Forbes did not in this matter, nor has it in the past copied the names and addresses of persons appearing on the public disclosure records of the FEC nor that of any other state or local political contribution disclosure agency. (Freeman Aff ¶6) Any and all lists of names used by Forbes for Forbes Subscriptions, Gilder Technology or similar types of solicitation programs are rented from list agencies such as Matera. (Freeman Aff ¶3)

Forbes has an internal policy that in the event the recipient of such subscription and prospecting materials contacts Forbes and requests that they not receive such materials in the future, a three-step process is invoked.

1. Forbes will internally suppress the individual's name from any future Forbes mailings.
2. Forbes employees will inform the list manager from whom the individual's name was rented/purchased not to rent that individual's file in the future.
3. Forbes employees routinely direct such callers to the direct marketing association Pander File Service at (212) 768-7277 and advise them that they will place the persons on a suppression file for all direct mail and telephone solicitation. This is an industry standard technique used by any reputable prospect mailing entity, including Forbes. (Freeman Aff ¶7)

Legal Summary and Analysis

The applicable provision of the FECA states as follows:

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“Within 48 hours after the time of the receipt by the Commission of reports and statements filed with them, (the Commission shall) make them available for public inspection and copying, at the expense of the person requesting such copying, except that any information copied from such reports or statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes other than using the name and address of any political committee to solicit contributions from such committee.” (2 USC §438 (a)(4))

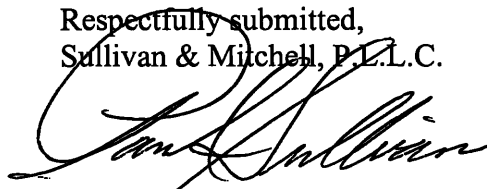
This is a straightforward matter for the Commission. The testimony set out above by Mr. Freeman clearly states that Forbes did not in this instance or in any other instance, copy any names and addresses obtained from the Commission or from any other federal or state campaign finance type agency. (Freeman Aff ¶6) To the contrary, as is the standard business practice of Forbes for any and all such prospecting mailing, the testimony clearly indicates that Forbes utilizes the list management agencies to secure appropriate names and lists of prospective subscribers. In the case of Forbes Subscription and the Gilder Report, the agency used was Matera (Freeman Aff ¶3, ¶4)

This is separately confirmed by the evidence of the Forbes internal control codes. The Forbes Subscription and the Gilder Report both reflect internal control codes indicating that the list source for both of those prospect mailings was secured from Matera, a well-established and reputable list management company.

Conclusion

In light of the clear evidence that Forbes did not secure Ms. Spatero's name as a result of copying FEC contributor records and in fact secured the name from a commercial list management group, we respectfully request that the Commission make a finding of no reason to believe and close the file.

Respectfully submitted,
Sullivan & Mitchell, P.L.L.C.



Paul E. Sullivan, Esq.
Counsel for Forbes, Inc.

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21-04-405-0749

**FEDERAL ELECTION COMMISSION
MUR 5142**

EXHIBIT A

FORBES SOLICITATION

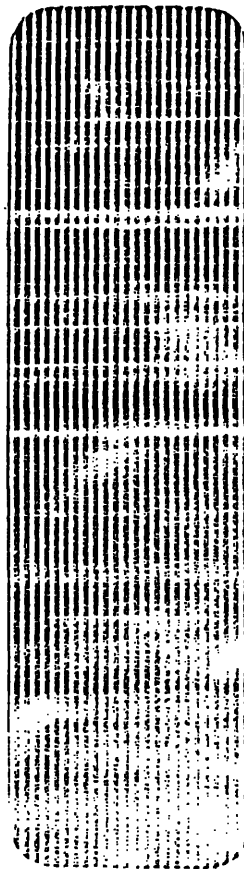
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Forbes

Executive and Professional Relations

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Reply Requested



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SUBSCRIPTION SERVICE

Annual Cover Price	You Save	Discount	Your Professional Courtesy Rate
\$129.70	\$99.70	76%	\$30.00

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MR. TERY SPATARO
462 W 51ST ST APT 6
NEW YORK, NY 10019-6516

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11/28/00

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Choose one:

☐ Lock in my savings for 2 Years (52 issues) /\$60.00

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Forbes

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Your subscription may be tax-deductible when used for business/professional purposes.

As a service to Executives and Professionals, FORBES offers subscriptions at the Guaranteed Lowest Introductory Price available -- 76% less than the newsstand cover price. To participate, return top portion before 11/28/00.

Subscribe for two years to lock in your savings!

MONEY-BACK GUARANTEE: You may cancel at any time for a full refund on all unmailed issues.

SUBSCRIPTION ORDERED BY:

Mr. Tery Spataro

ITEM:

FORBES

☐ 2 YEARS (52 issues)

☐ 1 YEAR (26 issues)

DATE:

CHECK NO.:

AMOUNT:

**FEDERAL ELECTION COMMISSION
MUR 5142**

EXHIBIT B

GILDER REPORT

21-04-405-0754

***This still-infant technology
revolution is unstoppable!
The real growth, and. . .***

***PROFITS THAT WILL DUMBFOUND
THE SKEPTICS. . . lie ahead!***

Inside:

- ✓ The greatest profit opportunity in history. page 3
- ✓ What's fundamentally wrong with the way Wall Street picks stocks. page 5
- ✓ The only totally safe way to invest in the technology sector. page 8
- ✓ Why the PC is obsolete and how to grow rich on its replacement. page 9
- ✓ Why the technology revolution is just getting started. page 10
- ✓ Why Ericsson and Nokia will lose out in the wireless phone wars. page 11
- ✓ How to get FREE Web access to today's greatest technology guru. page 12
- ✓ 2 FREE Reports. page 14

Gilder Technology Report
P.O. Box 5475
Harlan, IA 51593-4975

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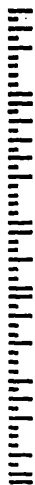
Gilder Technology Report

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Harlan IA 51593-4975

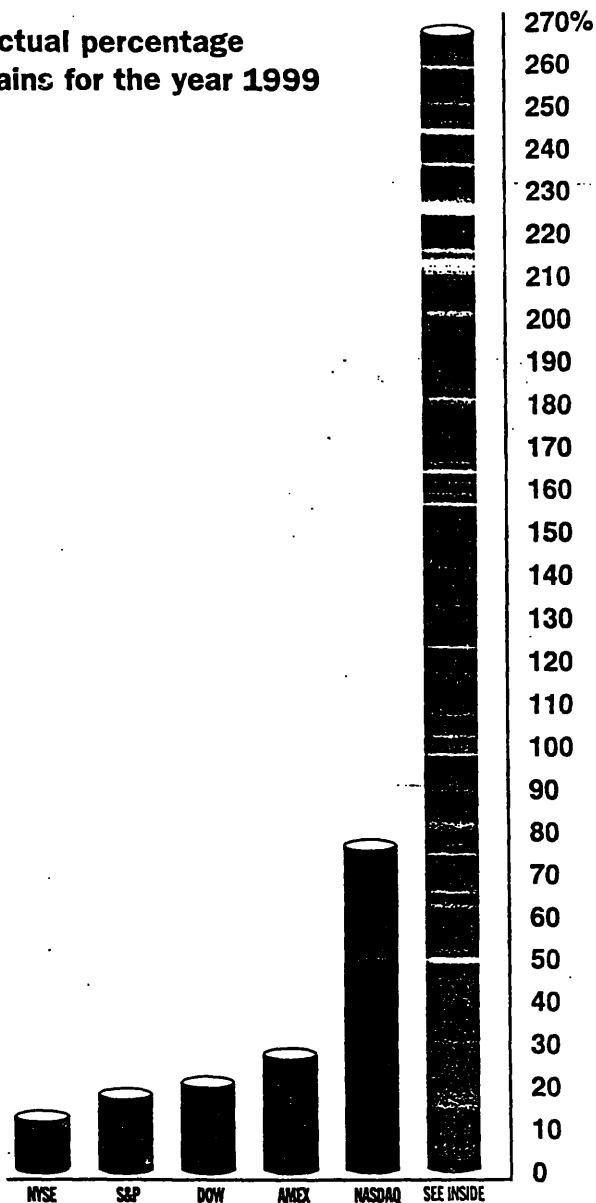


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Actual percentage
gains for the year 1999



**Our portfolio
of blue chip
technology
stocks was
triple the
red-hot
NASDAQ and
that's just
the tip of the
iceberg!**

***Inside — 7 technology
stocks poised for lift off***

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New York, NY 10011

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GILDER TECHNOLOGY REPORT

FALL 2000

A JOINT PUBLICATION OF FORBES MAGAZINE AND GILDER PUBLISHING

Our past

If you had acted with my readers to buy these technology super-stars, you too could have enjoyed these spectacular and certain profits:

✓ **\$10,000 grew to \$261,890 in 11 months!**

Because we knew this company has a lock on a fundamentally different technology.

✓ **\$10,000 became \$230,000 in 30 months!**

Because we understood the implications of wave division multiplexing long before Wall Street.

✓ **\$10,000 turned to \$226,000 in 21 months!**

And the stock of this cable modem company is going to keep right on going.

✓ **Our portfolio was up 268% in 1999!**

That's triple the red-hot NASDAQ.

Your future:

There's still plenty of time to grow rich on the still-infant technology revolution! In fact, there's no reason why you can't. . .

✓ **Turn \$25,000 into \$2 million. . . \$3 million. . . even \$5 million or more in the next 5 to 10 years!**

✓ **You can grow rich quickly on the *NEXT* technology winners regardless of the stock market, if you know this secret.**

Inside: 7 tech stocks poised for lift off!



He was first to spot JDS Uniphase, a huge technology winner! He's been consistently ahead of the crowd... and consistently correct in predicting which technology companies would rise to the top.

Dear Fellow Investor:

George Gilder has shown an uncanny ability to identify technology companies whose stocks were poised for explosive appreciation. For example, JDS Uniphase (up over 3,000% since he originally recommended it in 1997) is just one of dozens of George's huge technology winners.

In the three years since he started his newsletter, readers have seen many of the little-known companies they first heard about in the GILDER TECHNOLOGY REPORT - Broadcom, Conexant and Terayon, to name but a few, appreciate by 249%...326%...and in the case of both Broadcom and JDS Uniphase, more than 3,000%!

For 1999, the GTR selection was up a NASDAQ-clobbering 268%! And his portfolio remains way ahead of NASDAQ for this year.

Yes, technology stocks have been volatile. But the real value of what George Gilder does is his ability to separate the solid, long term technology winners from short-lived sensations.

George doesn't pay much attention to what Wall Street thinks or says. The information he gives readers is not about stocks, but rather, about companies with unique and world-changing technologies.

Because George is always ahead of Wall Street and the popular press, and because his genius is technology not stocks, it can sometimes take months or even a year or more for the market to catch on.

But, the record shows that when the investment community finally climbs aboard, the companies that George Gilder has identified, ultimately outperform the market by a wide margin.

I agree with George that we are still in the early stages of the greatest wealth building opportunity of all time. I hope that you will take advantage of the colossal technological advances now underway to amass real and lasting wealth.

George Gilder can be trusted to separate the winners from the losers. I hope you will take advantage of his integrity and insight.

Cordially,

Steve Forbes

Our Track Record Says It All!

**In the Next 3 to 5 Years, You Too Can
Accumulate Wealth Beyond Your Wildest
Dreams, with Surprisingly Little Risk!**

**Discover the Fundamental Secret
that Guarantees You'll Grow Rich on
Blue Chip Technology Stocks.**

**You Need to Ignore all the Wall Street
"Noise" and Put Your Investment Portfolio
on a Rock Solid Foundation.**

Special Half-Price Opportunity.

Dear Reader:

Personally, I don't have a clue where the market will be in one month. . .three months. . .nor six.

And I don't particularly care! It doesn't matter.

Because I know, with absolute certainty, that this still-infant technology revolution is unstoppable. The stock market has seen only the tip of the technology iceberg. The real growth, and profits that will dumbfound the skeptics, lie ahead! I'll support that assertion with some convincing facts in a moment.

Regardless of the market's ups and downs, you can make a fortune in the next two to three years if you invest now in the right technology companies.

You'll understand why this is so and how to separate the next incredible winners from the plethora of duds, by the time you're finished reading this report.

And if you're thinking. . ."I don't need more advice from another Wall Street stock picker," let me assure you, I couldn't be farther removed from the world of speculative investing.

But if making money in the stock market. . .really big money, with a minimum of

Continued on page 4

risk... interests you, perhaps I can hold your attention with a few recent numbers. The documented track record speaks for itself:

✓ **\$10,000 grew to \$261,890
in 11 months!**

Many of my readers bought this blue chip wireless technology stock early in 1999 for under \$8 (adjusted for splits) a share. The stock of this company that owns the technology for the next generation of wireless telephones had been flat for awhile because Wall Street didn't understand its importance. But by the end of 1999 it traded at over \$200 a share, a gain of 2,400% in less than 12 months. And this is one of tomorrow's blue chip companies, not some speculative start up.

✓ **\$10,000 grew to \$47,142
in just ten months!**

Do you know what a linear CDMA power amplifier is and why it's a breakthrough? In March of '99, readers of *THE GILDER TECHNOLOGY REPORT* learned about the company that owns this technology. When Wall Street caught on, our stock shot up 371% from \$14 a share (adjusted for splits) to over \$66 by the end of December 1999.

✓ **Readers turned \$10,000
into more than \$226,000
in just 21 months!**

Investors who heeded my alert saw stock in this manufacturer of cable modem chipsets—with a lock on a breakthrough technology—rocket from \$12 to over \$272 in less than two years. And this company is just getting started! It's a core holding.

✓ **\$10,000 became \$230,000
in 30 months!**

In June '97 our readers knew—and understood—why the wave division multiplexing technology of this, then-unnoticed company was going to be so important. Readers who bought the stock then at \$7 (adjusted for splits) were sitting on a profit of 2,200% by the end of 1999! Because they got in early. Because they had the information to separate this stock from other overhyped technology stocks, many of which have already fizzled.

✓ **More than triple (up 313%)
in just 7 months!**

In June '99, readers heard about the \$15 stock of an AllWave, "dark fiber" pioneer. (You know what that is, right?) By the end of December,

About George Gilder

Editor, *Gilder Technology Report*

George Gilder is a Senior Fellow at Discovery Institute, a privately funded, independent think tank where he directs the program on high technology and public policy. He is also Chairman of Gilder Publishing and Founder and Editor of the *GILDER TECHNOLOGY REPORT*.

Born in 1939 in New York City, Mr. Gilder attended Harvard University where he studied under Henry Kissinger and helped found ADVANCE. He later returned to Harvard as a fellow at the Kennedy Institute of Politics and

editor of the *Ripon Forum*. During the 1980s, Mr. Gilder served as a consultant to high technology businesses and published his best-selling book, *Microcosm*, in which he explored the quantum roots of the electronic technologies that spawned the computer revolution.

In his 1992 book, *Life After Television*, he explored the future of computers and telecommunications (the telecomputer).

In his soon-to-be-published book, *Telecosm*, Mr. Gilder shows

how the former microcosmic paradigm will soon be supplanted by a new telecosmic paradigm based on the broad bandwidth technologies of all-optical networks, digital wireless, cable modem and the Internet.

In addition to his work at Gilder Publishing, Mr. Gilder is a founder of and frequent contributor to *FORBES* ASAP. His writing also appears frequently in *The Economist*, *The Harvard Business Review*, and *The Wall Street Journal*.

"I don't pick stocks, I zero in on ascendant technologies. The foundation of my work is unrelated to the stock-market."



just 7 months later, the stock was trading at \$62. And this isn't some flash in the pan Internet stock. This company will be a major player for decades.

Here's one more example:

✓ **This "over-the-hill" technology giant turned \$10,000 into \$80,000 in just 37 months. And it's got a lot of growth left!**

When Wall Street was falling in love with techie-sounding IPOs and fretting about an alleged glut of microchips, our readers knew why this major microchip company was poised for sudden growth. The stock went for just under \$12 a share in November '96 to over \$96 by the end of December 1999.

I admit, that's a pretty good record for someone who claims not to be a stock picker.

But I didn't pick the stocks, I zeroed in on ascendant technologies. I need to say once again that... the foundation of my work is unrelated to the stock market.

Personally, the profit frenzy motivating short term investors and pushing up many undeserving stocks makes speculative investing too unpredictable and far too risky for me. You've seen how Wall Street reacts to every fickle recommendation and obsesses about interest rates and inflation. It seems to me that investors wouldn't have to worry about the bubble bursting if their stock portfolios didn't contain so much hot air!

But, you can build your wealth on a safe, solid foundation.

Short term speculators—fund managers, day traders and market timers—trying to guess where the market will be in a month or two and using

silly, flimsy analysis to predict which will be the next hot stock to be discovered, are totally missing the boat.

Over time, the real leaders in the technology sector (not the eBays, uBids and Priceline.coms) have shrugged off the market's ups and downs. And you are about to discover the secret of how to identify tomorrow's big winners before their stocks take off!

If you have \$10,000 to \$25,000 to invest now. . .you will be a millionaire in ten years or less if you embrace this simple secret of safe, profitable investing.

No matter what happens to the stock market, there are a few technology stocks out there right now, that in two or perhaps three years will be selling at 500%. . .even over 1,000% more than their current trading price. It's as certain as the daily sunrise.

Five years or so down the road, your gains on these technology superstars will be astonishing. Beyond your wildest dreams!

That it will happen, regardless of the market, is proven in part (there is other positive proof which I will get to) by the past. Even the greatest bull market of all time can't begin to match the profits of the very best technology companies:

- A \$20,000 investment in Sun Microsystems has grown to about \$3.7 million!
- \$20,000 invested in Microsoft has become \$7.5 million!
- If you'd put just \$20,000 into Intel at the start, you'd now have over \$70 million!

Continued on page 6



"I say forget 'the market!'"

**But. . .as I said before. . .
the market has seen but the
tip of the technology iceberg!**

All of today's technology needs to be replaced and the process will create immense sales and profits for the few companies who control the new and very different technology.

As you'll discover in a moment, the very foundation of the current chip-based economy is rotten. There is a different paradigm for the information age and the new economy. Profound and fundamental technological change has already begun and the profits precipitated by the inevitable retooling will dwarf the fortunes made so far on the microchip-based industry.

The trick, of course, is knowing early on which technologies will be dominant so you can buy the stocks of these few ascendant companies before they go through the roof.

So, the good news is that if you didn't buy Intel, Microsoft or Sun when they were cheap. . . you don't need to beat up on yourself. It's not too late to grow very, very rich on blue chip technology stocks. In fact, there are now even better, safer, faster opportunities to grow rich. You're about to discover why the technology revolution and all of the immense wealth it will generate are still in the early stages.

**How you can buy the stocks set
to triple and quadruple in only
the next few years. . .and why
you'll be able to do it. . .again
. . .and again. . .and again!**

As I keep reminding you, I am not a Wall Street stock picker.

There is a safer, more certain way to invest in the stock market than to get caught up in the

speculative frenzy of trying to guess which technology stocks Wall Street will fall in love with next. We didn't pick our recent technology winners using Wall Street's yard stick. We were able to spot them early because we see through a different lens.

I guess if you have to pin a label on me, the closest match might be "futurist." If you want, you can read my bio on page 4 of this report.

Suffice it to say, I am a Senior Fellow at Discovery Institute, a privately funded, totally independent—and therefore beholden to none—think tank, where I direct Discovery's program on high technology and public policy.

I've long been fascinated by micro-electronics and the molecular theories that spawned the computer revolution. Way back in 1989, I wrote a book—to my amazement, it actually became a best-seller—on the quantum roots (indivisible electrical energy) that underlie the workings of the microchip. The book, *Microcosm*, probably explains more than most people need or want to know about the fascinating-to-me world of atom-size electrical charges.

***The secret: how to know
which technology companies
are for real.***

I study technology for no reason other than to understand. Because the more I know, the more truly incredible it is. It's all very exciting to me.

Consider for example the feat of simultaneously transmitting 5 million voice conversations through a single fiber optic strand no thicker than a human hair.

I love it.

My fascination with quantum electronics led naturally to the practical application of computer technology with its myriad complexities.

Continued on page 8

George Gilder's Technology Predictions and Winners!

The way to win in the technology sector is to be guided by a disciplinary paradigm or economic model, for the era. Many of George Gilder's recent predictions, all based on his guiding telecosmic paradigm, have come true. They include...

In 1986, Gilder predicts that PCs would increasingly displace mainframes, supercomputers, minicomputers, timesharing terminals, television sets, telephones and other centralized systems.

In 1988, Gilder predicts the death of TV, replaced by a network PC that would be a solid state device tied to a low power fiber network.

In 1991, Gilder predicts CDMA technology will be ascendant over GSM and TDMA technology.

In 1995, Gilder predicts Netscape and Java as critical to the net becoming central.

In 1996, Gilder predicts falling DRAM prices will result in a sharp upside surge in computer sales and semiconductors through 1997.

In 1997, Gilder predicts on the basis of the Gilder Paradigm that Ciena will have the dominant Initial Public Offering (IPO) to date.

In 1998, Gilder predicts that one of his recommended companies (see special report) will become the Intel of the Telecosm.

In 1999, Gilder predicts Lucent's AllWave fiber will greatly increase the value of WDM applications.

In 2000, Gilder declares optical switches the "next big thing" and subscribers learn the names of companies that will profit the most.

GILDER TECHNOLOGY REPORT

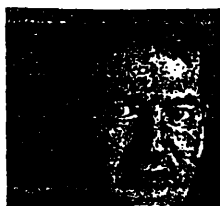
Grow Rich on the Technology Revolution

FREE

Nine Companies Poised to Change the World

The Gilder Track Record

Technology	Stock Profit	Technology	Stock Profit	Technology	Stock Profit
Company #1 Optical Networking	+233%	Company #6 Wave Division Multiplexing	+458%	Company #11 Digital Signal Processors	+500%
Company #2 Broadband Data Transmission Chips	+2100%	Company #7 Code Division Multiple Access (CDMA)	+3300%	Company #12 Wave Division Multiplexing	+453%
Company #3 Wave Division Multiplexing	+232%	Company #8 Broadband Fiber Network	+88%	Company #13 Fiber Optic Comm/Internet Access	+186%
Company #4 Low Earth Orbiting Satellites	+91%	Company #9 Java Programming/Internet Servers	+386%	PLEASE NOTE: This table shows recent recommendations and their stock performance. We regret we cannot reveal company names here. Many of them are current recommendations with huge growth potential and therefore must be reserved for Gilder Technology Report subscribers. For complete details, see the current issue of the Gilder Technology Report and the special report, Nine Companies Poised to Change the World.	
Company #5 Silicon Germanium Manufacturing	+254%	Company #10 Broadband Wireless Service	+168%		



"It's not too late to grow very, very rich on blue chip technology stocks."

And I know the major technology players. Some of the top scientists and strategists in the technology community are my old school buddies from Harvard.

Once a year, together with my good friends at FORBES magazine, I host an international gathering of the keenest minds in the community. We spend days together exchanging information, ideas and yes, I admit, all-important industry gossip and opinions.

So, I venture that I know as much as any one person about the underlying physics of today's astonishing computer related technologies and their interplay with the marketplace.

What matters to you is that I approach each technology breakthrough and application not as a Wall Street stock picker but with scientific skepticism and the dispassionate objectivity of a theoretician.

I understand on a very sophisticated level what today's technology leaders are doing and where they're going. I have the perspective and practical experience to judge which applications will impact the real world and which are of no consequence.

No offense, but few—if any—Wall Street analysts have the technical background to know when a company's investor relations department is dishing out misleading PR.

I know when a nice-sounding technology is for real, and when it's likely to amount to nothing.

And I often know about promising breakthroughs long before anyone else has sat down and measured their real-world application or value. Which means, when something comes along

that will eventually turn the world upside down... I know about it (often years) before Wall Street!

There are fine companies out there with astonishing technologies that will change the world, that Wall Street hasn't yet caught on to, because it just doesn't understand the implications of the new technology.

And although I know nothing about the whims of the stock market, or when Wall Street analysts will finally take note of a great technology company, I know with absolute certainty which of today's best, but still-unappreciated companies possess the critical ascendant technologies that will make them dominant for decades to come.

I do know this about the stock market: I like it when stocks I own go up 162% in six months... 910% in just 18 months... 657% in 26 months... and 966% in 36 months! There's nothing very complex about that.

And I like sleeping soundly at night. I don't care for uncertainty.

Here's why I am so confident about the fortunes to be made soon on the stocks of a certain few technology companies, regardless of what happens short term to the stock market:

The Next Paradigm

For starters, the PC, as you know it, is dead. But that's not the real news.

What counts... and why you can absolutely become a millionaire... is that most of today's computer related electronics rest upon a fundamentally obsolete architecture. Photonic bandwidth (light) is in the process of replacing electrical impulses as the quantum building block of communications. Photons have won out over electrons. And Wall Street still doesn't realize the significance of the shift. They just don't get it!

Photons (light) have no detectable mass. And fiber optic bandwidth—technology based upon light—has increased communications power a million-fold over conventional, chip-based technology.

That means that every communications device in existence—from TVs and telephones, modems and cable boxes to anything that connects to the Internet—must be converted.

The new photonic technology is so incredibly more cost-effective and so superior in quality that it renders the most cutting edge, conventional-chip technology, totally obsolete. There is no going back.

So that's what's going on.

That's why some of the best-known technology giants are doomed. They came to a fork in the technological road... chose electrons over photons... and are too far behind now to retrace their steps, start over and catch up.

And that is why the stocks of the pioneers in the field of fiber optic networks will skyrocket as the revolution kicks in. That's why companies that recognized the implications of bandwidth technologies are strategically positioned to dominate not just for months or years, but for decades.

Unlimited, low-cost communications will be the backbone of the new world economy.

It's not just the originators of the new fiber optic technology that will profit in the years ahead. The revolution will spill over to an entirely new economy built upon low-cost, networked information.

Soon, you will have instant access (as one TV commercial promises) to every movie ever made, in any language, whenever you feel like watching it... for less than you pay now for an at-home TV movie.

Sooner than you think, you will be paying one, low, monthly bill for TV, voice communications and Internet access.

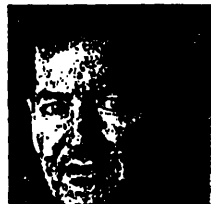
Fiber optic networks and their attendant hardware will soon replace obsolete, copper-wire systems. In the near future, the leader in the fledgling world of fiber optic networks is likely to displace the currently-biggest long distance carrier, or be bought by them at many times the current trading price of their stock.

An abundance of virtually no-cost bandwidth will fuel a thirst for new, faster, better ways to communicate, work, bank, and recreate. The newest, high-tech toy from the auto world—the onboard system that's linked via satellites (bandwidth at work) to a central monitoring station that tracks your exact location within 50 feet at all times and that will automatically notify the nearest paramedics if your air-bag deploys—is an example of the market demand that will result from the bandwidth revolution.

Through the new, bigger, faster, cheaper, bandwidth pipeline will soon flow as much as half of the world's expanding commerce. There will be an unending cycle of economic expansion... that will increase demand for bandwidth... resulting in growth of fiber optic networks... that will lead to still more economic expansion... and so on. I kid you not! And it will be here much sooner than any of us thought.

Faced with an unending bombardment of seemingly-credible technological information from a plethora of investment-related sources, it is next to impossible for even the most sophisti-

"I know when a nice sounding technology is for real, and when it's likely to amount to nothing."



Now you can accumulate real wealth safely, by building your technology portfolio on sound information and thoughtful, knowledgeable opinion rather than Wall Street hype.

cated investor to tell what is hype and what is fact.

And that in a nutshell is what the *GILDER TECHNOLOGY REPORT* is all about. The *GILDER TECHNOLOGY REPORT* will give you a practical, simple understanding of which new technologies will shape the next decade, and what companies are leading the charge.

The kind of investment-useful, company-specific technology information you'll discover in any given issue, might include news about:

- A fledgling company with a patent on a technology that guarantees its position as the dominant provider of the next generation of cable boxes.
- Why a global, wireless telephone system, built upon low-earth satellite technology, will eventually be able to offer long distance rates to any place in the world for less than 5 cents a minute. (Bandwidth will be that cheap and the demand great enough to cover launching costs.)
- Why Internet providers will be giving the new hardware away virtually free. And why the survivors in this to-the-death struggle will go on to reap unimaginable profits.
- Who's about to turn the world of programming languages upside down and what it will mean to that company's profits.
- The wireless phone company whose unique code division multiple access chip technology guarantees its dominance in the explosive expansion of the global market.
- Who is the leader in the systems used by fiber optic providers and why they are so critical.

Why "Wavelength Division Multiplexing" Will Soon Be Household Words

The era of microchips was built upon cheap transistors that compensate for a scarcity of communications power, what we term "bandwidth." That is, computers use microchips to switch, route, multiplex, compress, code, buffer and store information efficiently in an effort to make up for a bottleneck (limited bandwidth) in the pipeline that transmits bytes of information.

But imagine that suddenly that bottleneck is widened by a million times! Imagine a pipeline that lets a million times more information flow back and forth in far less time at a much lower cost.

That's what happens when you switch from electrons to photons. That's what fiber optics and wavelength division multiplexing are all about.

But all of the microprocessing and communications systems developed during the computer revolution are based upon bandwidth scarcity.

Now, the FCC's new wireless bandwidth licensing combined with fiber optic technology has made bandwidth suddenly abundant and dirt cheap. It's a whole new ball game.

Bandwidth technology is the unstoppable engine that will power the rebuilding of the world's information infrastructure. It is so infinitely superior that, just as the internal combustion engine replaced oxen and horses, bandwidth and fiber optic systems will soon replace the old telecom technologies.

Separating the eagles from the turkeys... introducing the *Gilder Technology Report*:

- What company is ahead in the race to market digital, wireless smart phones that will open your garage door. . . remind you of your dentist appointment. . . and send and receive e-mail.

You'll discover that we rely upon proven, scientific evidence and hard statistical data to identify ascendant technologies and the companies making the best, real-world use of them.

The *GILDER TECHNOLOGY REPORT* is not an opinion paper, not a "stock-picker" report per se, but rather as the title suggests, a factual report on technology that has proven a valuable tool for the investor seeking an "inside" edge.

In the *GILDER TECHNOLOGY REPORT*, you will find the hard statistical information—charts, graphs and numbers abound—to help you separate pivotal trends from popular fads. You'll always have the scientific evidence (as opposed to Wall Street speculation) to understand which specific technologies will shape the future and who will be tomorrow's blue chip technology companies.

You'll see, for example. . .

Why the satellite phone system launched by Motorola component, Iridium, failed and why Globalstar (GSTF) and Loral (LOR)—both second-generation satellite phone operators—are set to cash in big time on the \$26 billion satellite service sector.

Why Qualcomm's (QCOM) low powered Code Division Multiple Access is superior to the technology used by Ericsson and Nokia and will ultimately position Qualcomm as the dominant player in the colossal wireless telephone market.

What makes NorthEast Optic Network

(NOPT) different and better from other optical networks and why you should buy its stock before it's too late.

What's so great about a little company named Chorum (not yet public) that produces components that can enable the new era of 12.5 gigahertz spacing and all-optical add-drop multiplexing and cross connects. . . and why when it hits the street, its stock will rocket!

And although I'm not a stock picker, I know that it's just a matter of time until the unique technology of each of these companies drives their stock prices through the roof.

Don't worry, you don't need to know what a gigahertz is or how add-drop multiplexing works in order to increase your wealth 100-fold in the next five to ten years. But, trust me, this is the kind of hard, scientific, nitty-gritty that is defining tomorrow's blue chip companies. It's the stuff that makes the difference. And few on Wall Street understand it either. The big difference is that few stock pickers really pay attention to technological details.

Understand it fully or not (it's not that complicated), investors who read the *GILDER TECHNOLOGY REPORT* will have the confidence that there's far more behind their investment decisions than public relations spin. The indiscriminate technology bulls, on the other hand, will continue to buy up the hottest e-bargain that comes along in the hope that they get out at a huge profit before it tanks.

You'll sleep a lot better at night when the market is gyrating. And in the long run you will make a lot more money than trying to guess which will be Wall Street's next darling technology stock.

21.04.405.0768

FREE if You Act Now, Access to Our Proprietary Website, Including Our Message Board!

Plus a SAVINGS of \$305!

Plus 2 FREE Bonus Reports!

I hope I've convinced you that the *GILDER TECHNOLOGY REPORT* will provide a decisive advantage as you decide which technology stocks to buy. Remember, one idea could be worth tens of thousands in extra profits or avoided losses to even a modest investor!

But, as added incentive to send back the form located in the back of this report TODAY, we've thrown in the kitchen sink:

First

You can get a full year at a generous introductory rate of just over HALF OFF. You pay just \$295 as compared to the single issue cost of \$600.

Second

Your satisfaction is guaranteed. If not delighted, just tell us at any time that you want to cancel and you'll receive a prompt refund or credit on all unmailed issues.

Third

As a subscriber you will receive your own password to gain access to our new, useful and proprietary, subscriber-only website. This new service provides you with:

- Internet access to the monthly newsletter, in addition to your hard copy.
- 24 hour, subscriber-only access to back issues, including every issue since start up in July of 1996.
- News and updates—you'll always know when something happens that affects the companies we're interested in. This is a great way to block out Wall Street noise and pay attention only to the stuff that matters. If it's not on the Gilder website, you don't need to worry about it.

Do You Really Need Another Website?

Amid the glut of bits, bytes, banner ads, and URLs, why do you need another web site? Do you really need another paradigm?

Yes. . . dear investor. . . to grow rich safely in the world of technology stocks, you need both just to tame the glut and sort the onrush of new technologies, business concepts, investment hype and PR hustles.

Because I have been guided by a paradigm over the last several years, I have been able to readily dismiss many of the most touted new technologies, from Zenith HDTV and Time-Warner interactive television to 3DO

game machines and Phillips CD-I multimedia, from McCaw TDMA wireless and Nextel cellular compression to pervasive ATM networks.

I have been able to instantly embrace the developments that will be shaping the next decade, such as all optical networks, Qualcomm spread spectrum wireless, and Sun's Java programming language. My paradigm allowed me to find pivotal trends amid a welter of noise.

With the help of this website, I hope you will be able to do it, too.

Yours,
GG

"I have to write to express my sincere thanks for your newsletter, and for all the money you've made me! I am very grateful and you have my complete trust."

"My only regret is that I didn't buy more of the companies you follow sooner!"

"I've been a reader since the first issue, so I have nobody but myself to blame for not having jumped on Qualcomm when it was \$19 a share."

"But thanks to you I bought a bunch in April of 1999 at (adjusted for the split) \$63 a share. Today, it saw \$406 a share."

"That's a profit of 544% in a little over 7 months. And of course, Qualcomm is only one of my big winners. I've got some \$16 a share Sun Microsystems that's up over 500% but that took over two years. How spoiled we get!"

Thomas T. Palm Beach, Florida

- Message Board and Gilder Technology Forum —a great way to discuss issues raised in the current report, the Telecom Paradigm or related interests with other readers and with me!
- My own "book picks" for those who want to be on the cutting edge.
- My private (that's a joke!) email link so you can ask questions. . . make comments. . . tell me how much money you've made. . . or, yes, even complain that Wall Street doesn't yet see the wisdom of my work. I want to hear from readers! And I do my best to answer. When I just can't (because I'm working on your behalf to separate fact from spin) a knowledgeable staff member will respond.

Remember this new service is proprietary and available to paid subscribers only via your own, unique user ID which remains valid only so long as you remain a subscriber. We ask subscribers not to share their user ID with anyone to protect the value of the site.

Fourth

If you act now you will also receive FREE,
2 Special Bonus Reports:

- *Grow Rich on the Technology Revolution*—the fascinating story of the mind-boggling changes already underway and what it all means to the economy.
- *Nine Companies Poised to Change the World*—your preview of a few of tomorrow's blue chip technology stocks, several of which Wall Street has ignored to date.

Both of these informative reports are yours to keep at no cost even if you should decide to cancel your subscription.

I do hope you will subscribe.

There has never before been such an opportunity to amass real and lasting wealth.

The paradigm shift from electrons to photons and the resulting million-fold increase in communications power will have an incredible impact on world economies and the profits of some of the best-positioned technology companies.

Don't miss out. You can truly turn as little as \$10,000 or \$20,000 into \$2-3 million in the next five to ten years if you invest soon in the right technology stocks.

And the safest way to do that is to close your eyes and ears to all of the investment hype and look instead at the underlying, fundamental technology on a company-by-company basis.

I'll help you. Focusing on what counts has made a ton of money for our readers in the past several years. And the profits ahead will dwarf the past! You too can turn as little as \$10,000 or \$20,000 into millions by investing now in the right technology stocks.

Cordially,



George Gilder,
Editor

P.S. There has never been a better opportunity to accumulate real and lasting wealth. There has never been a better or safer way to do it than to subscribe to the *GILDER TECHNOLOGY REPORT*. I look forward to your emailed comments after you have seen your first issue.

Send today for these 2 FREE Reports:

Nine Companies Poised to Change the World

Nine Companies Poised to Change the World

FREE

The changes ahead are mind-boggling and the profits to be made are astonishing. In this FREE report, you will discover why the still-infant technology revolution is unstoppable and learn the names of nine superb companies strategically positioned to lead the bandwidth revolution.

- The leading supplier in wavelength division multiplexing (WDM) components that are essential to fiber optic data transmission.
- The cell phone innovator that developed code division multiple access (CDMA) technology, the new world standard for wireless communications.
- The ubiquitous telecom winner active in WDM fiber optic systems, broadband wireless, switching, cable modem, wavelength muxing, and more.
- Nine Telecom opportunities all together that can potentially multiply your wealth 10 to 100 times over in the next ten years or less.

Grow Rich on the Technology Revolution

GILDER TECHNOLOGY REPORT

Grow Rich on the Technology Revolution

You'll be astonished and fascinated by the story of colossal tech changes just around the corner. In this timely report you'll discover:

- A brief history of the microcosmic paradigm that launched the computer revolution.
- Why today's advanced communications technologies are forcing a paradigm shift from the microcosm to the telecom.
- Full details on five steps to technology stock success during the telecosmic bandwidth revolution.

FREE

Both Reports are Yours FREE with Your First Issue of the *Gilder Technology Report*

GILDER TECHNOLOGY REPORT

THE SECOND HALF OF THE CHESSBOARD

THE
FUTURE
OF
TECHNOLOGY
STOCKS



You can trust this practical, what-to-buy guide to growing rich from this still-infant technology revolution because...

Its fundamental concern is technology, not the short term ups and downs of the stock market.

It's edited by one of the acknowledged visionaries of our times, a man who has demonstrated again and again an uncanny ability to see clearly the shape of our world as it will be in two years... five... and ten.

The track record of the Model Portfolio that appears in every issue of the *GILDER TECHNOLOGY REPORT* speaks for itself.

In every issue you will find: exclusive commentary on the telecom and its ascendant technologies that support your investment strategies; timely reports, including hard data, charts and tables on recommended companies.



**Your Complete Satisfaction
is Guaranteed!
I Promise You'll Invest
with Confidence.**

It's hindsight, but had you put \$20,000 into Microsoft in 1986, your money would have grown to \$11 million in the next 13 years.

If you'd been a subscriber and bought Qualcomm at my original recommendation, an investment of \$25,000 would have turned into \$467,096 in just over 3 years. In the long term, Qualcomm will out-profit Microsoft.

But I'm telling you even greater opportunities for huge profits lie ahead.

And as a subscriber to the *GILDER TECHNOLOGY REPORT* you'll have the confidence and information to act instead of wishing later that you'd bought.

Because the companies we follow are all part of the new paradigm. In the '80s it was the microcosm (micro-transistors on silicon chips), which is why Microsoft was a good investment.

Today it's the telecosm—wireless bandwidth technology—and we're covering the best companies with the ascendant and pivotal technologies.

Why not take a look at the next issue? You'll quickly see what we're about. And if you aren't impressed and delighted with the *GILDER TECHNOLOGY REPORT* and our strategy for building wealth, simply tell us you wish to cancel your subscription, keep both FREE reports and get a prompt refund on all unmailed issues of your subscription.

George Gilder, Editor

Order today!

Half-Price Subscription Plus 2 FREE Reports

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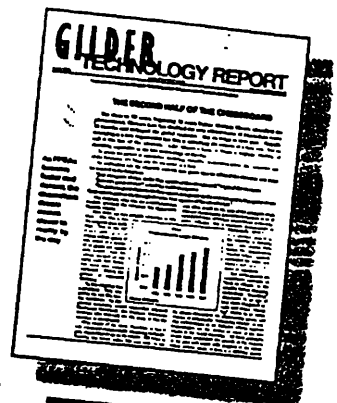
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**FEDERAL ELECTION COMMISSION
MUR 5142**

EXHIBIT C

LAWRENCE FREEMAN AFFIDAVIT

21.04.405.0773

**Affidavit of Lawrence Freeman
In the matter of
FEC MUR 5142
Before the Federal Election Commission**

NOW COMES Affiant, having been duly sworn, testifies as follows:

- 1) I am Lawrence B. Freeman, am of majority age and have personal knowledge as to the facts contained herein.
- 2) At present and at all times relevant to the matters contained herein, I was employed by Forbes, Inc. in the capacity as Vice President-Circulation. In that capacity, I am responsible for all matters relating to circulation including development and production of subscription prospecting materials for Forbes Magazine and Gilder Technology Report and the selection and procurement of the mailing lists to whom such prospecting materials are forwarded.
- 3) On October 17, 2000 Forbes mailed approximately 950,000 pieces of a Forbes prospecting piece, a copy of which is attached hereto at Exhibit A and fully incorporated herein. ("Forbes subscription") All of the names and addresses used for the mailing of the Forbes subscription were rented from a commercial list management company, Paradyz Matera ("Matera") which is located in New York City, New York. Forbes paid Matera a fair market value fee for the rental of these names.
- 4) On September 29, 2000, Forbes mailed 1,416,241 pieces of a prospecting subscription magalog of the Gilder Technology Report, a copy of which is attached hereto at Exhibit B and fully incorporated herein ("Gilder Report"). All of the names used for this mailing of the Gilder report were secured from Matera in the usual course of our business. Forbes paid a fair market value for the rental of these names.
- 5) As is the standard in the industry, Forbes utilizes several control codes on all such prospecting mail which is sent out in order to track the success of the solicitation materials and the demographic character of the list to whom the materials are sent. Control codes were imprinted on both the Forbes Subscription and the Gilder Report. The Forbes internal control number on the Forbes Subscription envelope, specifically DJTC999, confirms Forbes internal records that Matera was the list source for this mailing. Similarly, the Forbes internal control number on the Gilder Report, specifically DGJEB999, confirms our internal records that Matera was the list source for the Gilder Report mailing.
- 6) At no time has Forbes Inc., in the matter relating to the Forbes Subscription, the Gilder Report, or for any other prospecting, mailing, or commercial purposes, copied or used names and addresses of any persons, including that of Tery Spatero, from the public disclosure file at the Federal Election Commission.
- 7) Forbes has an internal policy that it routinely follows in the event of notice from any prospect addressee requesting that their name be removed from Forbes prospecting lists. That procedure is as follows:
 1. That Forbes suppresses the name from any future Forbes mailing.
 2. Forbes informs the list manager from whom the names were purchased or rented not to purchase and/or rent the individual's name in the future.
 3. Forbes directs the individual to the Direct Marketing Association Pander file service which is reachable at (212) 768-7277. We further inform the individual that they may request suppression of their name for all direct mail or telephone solicitations.

4260504-4012

These are procedures which are maintained and followed by most reputable mailing companies regarding issues of the suppression of addressees' names and addresses.

I swear that these facts are true and correct to the best of my knowledge, so say I.

Lawrence B. Freeman
Lawrence B. Freeman
Affiant

December 11, 2000
Date

SWORN to and SUBSCRIBED before me personally appeared Lawrence B. Freeman this 11th day of December 2000, and executed the above and foregoing.

(Seal)

Carol S. Katz
NOTARY PUBLIC
CAROL S. KATZ
Notary Public, State of New York
No. 4979321
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires March 25, 2001

21-04-405-0775